

# ORIGINAL OPEN MEETING



MEMORANDUM  
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Arizona Corporation Commission 410

DOCKETED

MAR 25 2008

TO: THE COMMISSION

2008 MAR 25 P 4: 25

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: March 25, 2008

DOCKETED BY	ne
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RE: IN THE MATTER OF THE APPLICATION OF QWEST LD CORP. TARIFF FILING TO INCREASE THE MAXIMUM MONTHLY RATES FOR VARIOUS OBSOLETE RESIDENTIAL CALLING PLANS (DOCKET NO. T-04190A-07-0030)

## 1. INTRODUCTION

On January 23, 2007, Qwest LD Corp. ("QLDC") filed tariff revisions to increase several maximum monthly rates for its Arizona Tariff No. 2. QLDC proposes to increase its maximum monthly rate per account charge for the following nine (9) obsolete residential calling plans from \$0.99 to \$1.99:

Calling Plan	Current Maximum Monthly Rate Per Account	Proposed Maximum Monthly Rate Per Account
QLDC 10 Cent Single Rate Plan	\$ .99	\$1.99
QLDC 5 Cent Saver Plan	\$ .99	\$1.99
QLDC 7 Cent Preferred Plan	\$ .99	\$1.99
QLDC Unlimited Long Distance Plan	\$ .99	\$1.99
QLDC Preferred Unlimited	\$ .99	\$1.99
QLDC 5 Cent Anywhere	\$ .99	\$1.99
QLDC 7 Cent Anywhere	\$ .99	\$1.99
QLDC 5 Cent Preferred	\$ .99	\$1.99
QLDC Choice Long Distance	\$ .99	\$1.99

## 2. BACKGROUND

The maximum monthly rates are related to the subject of a proceeding that resulted in a Settlement Agreement approved by Decision No. 67745 on April 11, 2005.

Staff and Qwest LD Corp., its parent, affiliated companies (which includes QCC) or their successors ("Qwest" or "the Company"), (the Parties") agreed to a settlement of the Complaint and Petition for Order to Show Cause Docket ("Docket") filed by Staff and currently pending before the Arizona Corporation Commission ("Commission"), in Docket No. T-04190A-04-0904

(hereinafter referred to as "the Staff Complaint"). The Staff Complaint alleges that Qwest LD Corp. was required to file tariff and/or price list revisions with the Commission prior to implementing a \$2.99 surcharge as part of its Qwest Choice Long Distance calling plan, which applies to both interstate and intrastate long distance calls made by Arizona customers. The terms and conditions of the Settlement Agreement were intended to resolve all of the issues associated with Qwest's implementation of the \$2.99 surcharge as part of its Qwest Choice Long Distance calling plans as set forth in the Staff Complaint.

In the Settlement Agreement (see Attachment A), Qwest acknowledged and agreed to accept on an interim basis, without prejudice, and until further Order of the Commission or until the conclusion of the Generic Docket<sup>1</sup>, the Staffs interpretation of the Arizona statutes and rules regarding tariffing of monthly recurring charges for long distance plans which are applicable to both interstate and intrastate calls. The Generic Docket was required as part of the Settlement Agreement.

On December 19, 2006, Staff filed its report in the Generic Docket. In its report, Staff recommended:

"...that QLDC be given the option of (1) listings all long distance rates and charges within its Arizona intrastate tariffs or (2) denoting within its Arizona intrastate tariffs those charges and rates which are listed in QLDC's interstate tariffs."

"...that QLDC be given 90 days to modify its Arizona intrastate tariffs accordingly."

"...that all intrastate long distance providers comply with the above Staff interpretation of tariffing rules and statutes. Intrastate long distance providers should be given 90 days to modify their Arizona intrastate tariffs accordingly, if necessary."

A decision has not been reached by the Commission in the Generic Docket. Until such time as the Commission makes a determination in the Generic Docket, the provisions of the Settlement Agreement continue to apply.

### **3. STAFF ANALYSIS**

Since QLDC proposes to increase the maximum monthly rate for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications

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<sup>1</sup> In The Matter Of The Generic Investigation Of Tariffing And Notice Requirements For Combined Interstate And Intrastate Calling Plans, Docket No. RT-00000J-05-0329

Service Rules, Arizona Administrative Code Rule ("A.A.C.") R14-2-1110 applies to QLDC's proposal. QLDC provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential affects of approval of the filing.

The proposed rate increases contained in this filing are for services that have been classified as competitive by the Commission and are now subject to the Commission's Competitive Telecommunications Services Rules. Under those rules, rates for competitive services are generally not set according to rate of return regulation standards.

QLDC provided information that indicated that the Estimated Potential Additional Revenues associated with this filing at end of year 2006 were less than \$4,000,000<sup>2</sup>. By end of year 2007, the Estimated Potential Additional Revenues had declined to less than \$2,000,000<sup>3</sup>. At end of year 2007, the customer base for these services was less than 200,000<sup>4</sup> residence customers and declined by approximately 30 percent in 2007.

The revenue increase associated with the proposed maximum rates is less than 10 percent of QLDC's 2006 intrastate revenues<sup>5</sup>. The revenue increase also supports interstate long distance service as well as intrastate long distance services. Additionally, QLDC provided information indicating that its proposed rates are comparable to those of competitor calling plans.<sup>6</sup>

Staff obtained information regarding QLDC's fair value rate base. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information of QLDC, it did not accord that information substantial weight in its analysis of this matter.

Staff notes that QLDC did not file changes to the current rates corresponding to the maximum proposed rates, as are required by A.A.C. R14-2-1109(B). QLDC, therefore, is not increasing the current or actual prices at this time but, rather, plans at some future time to file for such increases. This filing will not have immediate impact on the prices paid by residence customers. At a time when QLDC does propose raising its current or actual rates, QLDC must file such changes consistent with the requirements of A.A.C. R14-2-1109(B).

#### **4. RECOMMENDATIONS**

Staff recommends approval of this filing. Additionally, in its filing QLDC provided evidence that it has provided notice to its customers. Because Staff believes that the Company

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<sup>2</sup> Actual information provided to Staff as Confidential; revised February 22, 2008.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> Qwest LD Corp. 2006 Annual Report, April 15, 2007.

<sup>6</sup> e.g., AT&T- \$2.00, \$2.95, \$7.95, \$32.99; Cox- \$3.95, \$25.00; Embarq- \$5.95, \$6.95

THE COMMISSION

March 25, 2008

Page 4

did not comply with the Commission's public notice requirements, Staff recommends that QLDC re-notice customers in a manner and form consistent with Commission requirements (Attachment B).



for Ernest G. Johnson  
Director  
Utilities Division

EGJ:CLA:AFF:lhmm\MAS

ORIGINATOR: Armando Fimbres

**SETTLEMENT AGREEMENT**

The Arizona Corporation Commission Staff ("Staff") and Qwest LD Corp., its parent, affiliated companies or their successors ("Qwest" or "the Company"), (the Parties") hereby agree to a settlement (the "Settlement" or "this Agreement") of the Complaint and Petition for Order to Show Cause Docket ("Docket") filed by Staff and currently pending before the Arizona Corporation Commission ("Commission"), in Docket No. T-04190A-04-0904 (hereinafter referred to as "the Staff Complaint"). The Staff Complaint alleges that Qwest LD Corp. was required to file tariff and/or price list revisions with the Commission prior to implementing a \$2.99 surcharge as part of its Qwest Choice Long Distance calling plan, which applies to both interstate and intrastate long distance calls made by Arizona customers. The following terms and conditions are intended to resolve all of the issues associated with Qwest's implementation of the \$2.99 surcharge as part of its Qwest Choice Long Distance calling plans as set forth in the Staff Complaint.

**RECITALS**

WHEREAS, the Parties desire to adopt this Agreement subject to Commission approval;

WHEREAS, by adopting this Agreement, the Parties intend to settle and terminate the Staff Complaint in a manner that is fair and reasonable;

WHEREAS, the Staff Complaint alleged, inter alia, that Qwest was required to file tariff and/or price list revisions with the Commission prior to implementing a \$2.99 monthly surcharge as part of its Qwest Choice Long Distance calling plans, which is applicable to both interstate and intrastate calls;

WHEREAS, Qwest acknowledges and agrees to accept on an interim basis, without prejudice, and until further Order of the Commission or until the conclusion of the generic investigation referenced herein, the Staff's interpretation of the Arizona statutes and rules regarding tariffing of monthly recurring charges for long distance plans which are applicable to both interstate and intrastate calls;

WHEREAS, the parties agree that the terms and conditions of this Agreement, are fair, reasonable and in the public interest;

WHEREAS, the Parties recognize that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding;

WHEREAS, the Parties further recognize that the Commission will independently consider and evaluate the terms of this Agreement;

WHEREAS, if the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Parties shall abide by the terms as approved the Commission.

WHEREAS, if the Commission fails to issue an order adopting all material terms of this Agreement, any or all of the Parties may withdraw from this Agreement, and such Party or Parties may pursue without prejudice their respective remedies at law. For purposes of this Agreement, whether a term is material shall be left to the discretion of the Party choosing to withdraw from the Agreement.

WHEREAS, nothing in this agreement shall be construed as an admission by any of the Parties that any of the positions taken by any Party in this proceeding is unreasonable or unlawful. In addition, acceptance of this Agreement by any of the Parties is without prejudice to any position taken by any party in these proceedings.

WHEREAS, this Agreement represents the Parties' mutual desire to compromise and settle disputed issues in a manner consistent with the public interest. None of the positions taken in this Agreement by any of the Parties may be referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.

WHEREAS, the Parties shall support and defend this Agreement before the Commission, and if the Commission adopts an order approving all material terms of this Agreement, the Parties will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.

WHEREAS, in consideration thereof, the Parties agree as follows:

#### TERMS AND CONDITIONS

1. Qwest LD Corp and Its Affiliates Agree to Staff's Interpretation of Statutes and Rules as set forth in the Staff Complaint until a Generic Proceeding is Concluded by the Commission or until Further Order of the Commission.

Staff believes that the rules and statutes referenced in its Petition are applicable. Qwest agrees with Staff's interpretation of the rules on an interim basis and it will file intrastate long distance service tariffs and/or price lists in Arizona consistent with Staff's interpretation of the rules on an interim basis and without prejudice pending the conclusion of the generic docket or further order of the Commission. Staff and Qwest agree that a generic docket be initiated (to be concluded within 18 months of the Commission order approving this settlement) to address the filing requirements and tariff obligations of interexchange carriers. Staff agrees that any new or additional filing requirements defined in the generic docket will have application to Qwest on only a going forward basis from the date of the final order in the generic docket.

**2. PIC/LPIC Fee Waiver for Certain Customers.**

For current Qwest LD Corp. (QLDC) customers who, between January 1, 2004 through July 14, 2004, subscribed to Qwest Choice long distance calling plan (no monthly recurring fees, 5 cents a minute for interstate usage and 5 cents per minute for intrastate usage, \$20 monthly cap) and who, after receiving notice described below, wish to choose an alternative long distance carrier, Qwest will waive or credit any applicable PIC/LPIC change charges, up to \$10. No later than sixty (60) days from the issuance of the Commission order approving this settlement, Qwest shall contact by mail all QLDC customers who subscribed during this period of time to the Qwest Choice long distance calling plan (no monthly recurring fees, 5 cents a minute for interstate usage and 5 cents per minute for intrastate usage, \$20 monthly cap) in writing informing them that they have sixty (60) days from the mailing date to take advantage of this offer and change their long distance carrier.

**3. Qwest to Provide Notice and Special Toll Free Number.**

Qwest shall inform the long distance calling plan customers defined in Paragraph 2 above, that they need to contact Qwest either by mail or by calling a toll free number by a specific date in order to take advantage of this offer. Qwest shall provide a toll free number for these customers to call when taking advantage of this offer.

**4. Billing Credit For Certain Customers Who Previously Changed Carriers as a Result of the \$2.99 Surcharge.**

For current Qwest Corporation customers who also subscribed to a Qwest Choice long distance calling plan (no monthly recurring fees, 5 cents a minute for interstate usage and 5 cents per minute for intrastate usage, \$20 monthly cap), between January 1, 2004 and through July 14, 2004 and who changed their PIC/LPIC from September 1, 2004 and through December 31, 2004 shall receive a \$6.00 one time billing credit. The credit shall be issued no later than ninety (90) days from the date of the Commission order approving this settlement.

**5. Long Distance Tariff and Price List Filing Commitment.**

Qwest will file with the Commission in its Arizona intrastate tariffs and/or price lists a charge equal to or equivalent to, but not in addition to the \$2.99 monthly recurring charge and any other applicable monthly recurring charges that are now only included in the Qwest interstate Rates and Services Schedule. Qwest agrees to include in its intrastate long distance tariffs and/or price lists a charge equal to or equivalent to, but not in addition to any and all recurring monthly charges of this nature in the applicable intrastate tariff until such time as the generic docket is concluded or until the Commission issues a superseding order. Qwest agrees to comply with existing Commission rules for all subsequent rate changes or for the creation of new long distance calling plan charges until further order of the



Commission, or pending the resolution of the generic docket. Existing Qwest Choice long distance calling plans will be grandfathered.

**6. Qwest and QLDC will provide Marketing Scripts Requested by Staff.**

QLDC will provide Staff with the marketing scripts requested by Staff in its Petition and will provide Staff with new Choice long distance marketing scripts when they are modified.

**7. Qwest Will File Report.**

Within one hundred eighty (180) days of the Commission order approving this settlement, Qwest shall report to the Commission the total number of customers who received the PIC/LPIC charge waiver or credit and the total dollar amount credited pursuant to paragraphs 2 and 4 above. A preliminary estimate of the amount to be waived under paragraph 2 and the amount to be credited under paragraph 4 is attached hereto as Exhibit A. The report shall be attested to by an officer of the Company.

**8. Settlement of Claims Relating to QLDC's Implementation of its \$2.99 (\$2.00 and .99) Monthly Surcharge.**

This Agreement is intended to resolve all the issues dealing with Qwest's implementation of the \$2.99 monthly charge in its Qwest Choice Long Distance calling plans.

DATED THIS 1st day of April, 2005.

ARIZONA CORPORATION COMMISSION  
STAFF

BY: 

Ernest G. Johnson  
Director, Utilities Division

QWEST and QWEST LD CORP.

BY: 

Patrick J. Quinn  
President - Qwest Arizona



# EXHIBIT A

## Estimated OSC Stipulation Costs

T-04190A-04-0904

Paragraph #2	Mailing	\$100,000
	PIC/LPIC Waiver	\$60,000 - \$100,000
Paragraph #4	One Time Credit	\$150,000
TOTAL		\$310,000 - \$350,000

Note: Previous PIC/LPIC waiver was \$50,000

The above costs are only estimates. The actual costs will be reported pursuant to paragraph 7 of the settlement agreement.

## Attachment B

### Customer Notice Instructions

<http://www.azcc.gov/divisions/utilities/TARIFF/util-tariffs-faq.asp#>

#### **How should we notify our customers when we are proposing an increase to our maximum rates for a particular service or group of services?**

Companies should notify their customers 60 days in advance of the effective date of the maximum rate increase(s).

Customer notice may be provided in the form of a bill insert, bill message or direct mailing. Newspaper publication of customer notice will not meet noticing requirements.

The Commission has approved the following language for telecommunications companies to notify their customers when a company is proposing an increase to maximum rates:

(insert Company name) is proposing the following changes to its rates and charges:

(List proposed maximum and actual rate changes here and also list the maximum and actual rates currently in effect):

a.

b.

etc.

These changes may increase your total charge. These changes will be voted on at a future Open Meeting of the Arizona Corporation Commission (Commission). These changes will become effective only upon approval by the Commission. If you have any questions, please contact (insert Company contact name) at (insert Company contact phone number). If you have further questions, you may contact the Consumer Services Section of the Commission at 602-542-4251 or 1-800-222-7000 or you may go to its website at

The notice must be in 12 point or larger font.

A copy of the actual notice must be supplied to the Commission at the time the filing is made.

The notice must be separate and distinct from any other notices or information supplied by the company.

#### **What qualifies as a separate and distinct notice?**

If your company is implementing other rate changes than the rate increase changes pending in your tariff filing at the ACC, then it should be clear to the customer which rate changes are pending at the ACC. This should be done by placing the different changes on separate pages.

For example, your company may decide to change its intrastate long distance per minute rate to be above the maximum rate. This tariff filing must be approved by the ACC and proper customer notice must be given. Your company may also decide to change the interstate long distance per minute rate. The ACC does not have jurisdiction over interstate charges, and this change would not require ACC approval. These two changes should not be listed on the same page in a customer notice. Two customer notices on separate pages should be supplied, one for the ACC and one for the other charges.

Companies have the ability to make changes that are in substantial compliance with this notice language in order to meet their individual needs. However, the recommended language is the benchmark the Commission will use to determine if appropriate notice has been given.

#### **Are there certain aspects of this customer notice that companies must not change?**

The notification that your company issues must contain the following:

1. The notice must be in 12 point or larger font
2. The statement that "These changes may increase your total charge" must occur immediately following the listing of the rate changes
3. The statements that these changes are being "proposed" by the company and will not go into effect until approval by the ACC
4. The company's contact phone number
5. The ACC's 602 and 800 numbers
6. The ACC's website

If a company does not comply with this notice requirement, then Staff will recommend denial of the application.

1                                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2   MIKE GLEASON  
3       Chairman  
4   WILLIAM A. MUNDELL  
5       Commissioner  
6   JEFF HATCH-MILLER  
7       Commissioner  
8   KRISTIN K. MAYES  
9       Commissioner  
10   GARY PIERCE  
11       Commissioner

12   IN THE MATTER OF THE APPLICATION )  
13   OF QWEST LD CORP. TARIFF FILING TO )  
14   INCREASE THE MAXIMUM MONTHLY )  
15   RATES FOR VARIOUS OBSOLETE )  
16   RESIDENTIAL CALLING PLANS )

DOCKET NO. T-04190A-07-0030

DECISION NO. \_\_\_\_\_

**ORDER**

17   Open Meeting  
18   April 8 and 9, 2008  
19   Phoenix, Arizona

20   BY THE COMMISSION:

FINDINGS OF FACT

21           1.   Qwest LD Corp. ("QLDC") is certificated to provide interexchange  
22   telecommunications service as a public service corporation in the State of Arizona.

23           2.   On January 23, 2007, QLD filed tariff revisions to increase several maximum  
24   monthly rates for its Arizona Tariff No. 2.

25           3.   QLDC seeks to increase its maximum monthly rate per account charge for the  
26   following nine (9) obsolete residential calling plans from \$.99 to \$1.99:

27                                   Qwest LD Corp.  
28                                   Arizona Tariff No. 2

Section 103, Page 1, Release 4  
Section 103, Page 2.1, Release 2  
Section 103, Page 3, Release 4  
Section 103, Page 5, Release 4

Section 103, Page 7, Release 4  
 Section 103, Page 8, Release 4  
 Section 103, Page 9, Release 4  
 Section 103, Page 10, Release 4  
 Section 103, Page 12, Release 3

Calling Plan	Current Maximum Monthly Rate Per Account	Proposed Maximum Monthly Rate Per Account
QLDC 10 Cent Single Rate Plan	\$ .99	\$1.99
QLDC 5 Cent Saver Plan	\$ .99	\$1.99
QLDC 7 Cent Preferred Plan	\$ .99	\$1.99
QLDC Unlimited Long Distance Plan	\$ .99	\$1.99
QLDC Preferred Unlimited	\$ .99	\$1.99
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QLDC 7 Cent Anywhere	\$ .99	\$1.99
QLDC 5 Cent Preferred	\$ .99	\$1.99
QLDC Choice Long Distance	\$ .99	\$1.99

4. The maximum monthly rates are related to the subject of a proceeding that resulted in a Settlement Agreement approved by Decision No. 67745 on April 11, 2005.

Staff and Qwest LD Corp., its parent, affiliated companies (which includes QCC) or their successors ("Qwest" or "the Company"), (the Parties") agreed to a settlement of the Complaint and Petition for Order to Show Cause Docket ("Docket") filed by Staff and currently pending before the Arizona Corporation Commission ("Commission"), in Docket No. T-04190A-04-0904 (hereinafter referred to as "the Staff Complaint"). The Staff Complaint alleges that Qwest LD Corp. was required to file tariff and/or price list revisions with the Commission prior to implementing a \$2.99 surcharge as part of its Qwest Choice Long Distance calling plan, which applies to both interstate and intrastate long distance calls made by Arizona customers. The terms and conditions of the Settlement Agreement were intended to resolve all of the issues associated with Qwest's implementation of the \$2.99 surcharge as part of its Qwest Choice Long Distance calling plans as set forth in the Staff Complaint.

5. In the Settlement Agreement, Qwest acknowledged and agreed to accept on an interim basis, without prejudice, and until further Order of the Commission or until the conclusion of the Generic Docket<sup>1</sup>, the Staffs interpretation of the Arizona statutes and rules regarding tariffing of monthly recurring charges for long distance plans which are applicable to both interstate and intrastate calls. The Generic Docket was required as part of the Settlement Agreement.

<sup>1</sup> In The Matter Of The Generic Investigation Of Tariffing And Notice Requirements For Combined Interstate And Intrastate Calling Plans, Docket No. RT-00000J-05-0329

1           6.       On December 19, 2006, Staff filed its report in the Generic Docket. In its report,  
2 Staff recommended:

3                   "...that QLDC be given the option of (1) listings all long distance  
4 rates and charges within its Arizona intrastate tariffs or (2) denoting  
5 within its Arizona intrastate tariffs those charges and rates which are  
6 listed in QLDC's interstate tariffs."

7                   "...that QLDC be given 90 days to modify its Arizona intrastate  
8 tariffs accordingly."

9                   "...that all intrastate long distance providers comply with the above  
10 Staff interpretation of tariffing rules and statutes. Intrastate long  
11 distance providers should be given 90 days to modify their Arizona  
12 intrastate tariffs accordingly, if necessary."

13           7.       A decision has not been reached by the Commission in the Generic Docket. Until  
14 such time as the Commission makes a determination in the Generic Docket, the provisions of the  
15 Settlement Agreement continue to apply.

16           8.       Since QLDC proposes to increase the maximum monthly rate for a component of a  
17 service that has been classified as competitive under the Commission's Competitive  
18 Telecommunications Service Rules, Arizona Administrative Code Rule ("A.A.C.") R14-2-1110  
19 applies to QLDC's proposal. QLDC provided the information required by A.A.C. R14-2-1110 to  
20 allow Staff to determine the potential affects of approval of the filing.

21           9.       The proposed rate increases contained in this filing are for services that have been  
22 classified as competitive by the Commission and are now subject to the Commission's  
23 Competitive Telecommunications Services Rules. Under those rules, rates for competitive  
24 services are generally not set according to rate of return regulation standards.

25           10.      QLDC provided information which indicated that the Estimated Potential  
26 Additional Revenues associated with this filing at end of year 2006 were less than \$4,000,000<sup>2</sup>.  
27 By end of year 2007, the Estimated Potential Additional Revenues had declined to less than  
28 \$2,000,000<sup>3</sup>.

<sup>2</sup> Actual information provided to Staff as Confidential; revised February 22, 2008.

<sup>3</sup> *Id.*

11. At end of year 2007, the customer base for these services was less than 200,000<sup>4</sup> residence customers and declined by approximately 30% in 2007.

12. The revenue increase associated with the proposed maximum rates is less than 10% of QLDC's 2006 intrastate revenues<sup>5</sup>. The revenue increase also supports interstate long distance service as well as intrastate long distance services. Additionally, QLDC provided information indicating that its proposed rates are comparable to those of competitor calling plans.<sup>6</sup>

13. Staff obtained information regarding QLDC's fair value rate base. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information of QLDC, it did not accord that information substantial weight in its analysis of this matter.

14. Staff notes that QLDC did not file changes to the current rates corresponding to the maximum proposed rates, as are required by A.A.C. R14-2-1109(B). QLDC, therefore, is not increasing the current or actual prices at this time but, rather, plans at some future time to file for such increases. This filing will not have immediate impact on the prices paid by residence customers. At a time when QLDC does propose raising its current or actual rates, QLDC must file such changes consistent with the requirements of A.A.C. R14-2-1109(B).

15. Staff has recommended approval of this filing.

16. In its filing QLDC provided evidence that it has provided notice to its customers. Because Staff believes that the Company did not comply with the Commission's public notice requirements, Staff recommends that QLDC re-notice customers in a manner and form consistent with Commission requirements.

#### CONCLUSIONS OF LAW

1. Qwest LD Corp. is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

<sup>4</sup> *Id.*

<sup>5</sup> Qwest LD Corp. 2006 Annual Report, April 15, 2007.

<sup>6</sup> e.g., AT&T- \$2.00, \$2.95, \$7.95, \$32.99; Cox- \$3.95, \$25.00; Embarq- \$5.95, \$6.95



1 ...

2 2. The Commission has jurisdiction over Qwest LD Corp. and over the subject matter  
3 of this Application.

4 3. The Commission, having reviewed the tariff pages (copies of which are contained in  
5 the Commission's tariff files) and Staff's Memorandum dated March 25, 2008 concludes the tariff  
6 filing is reasonable, fair and equitable, and is therefore in the public interest.

7 ORDER

8 IT IS THEREFORE ORDERED that the tariff filing be and hereby is approved.

9 IT IS FURTHER ORDERED that QLDC re-notice customers in a manner and form  
10 consistent with Commission requirements.

11 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

12 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**  
13

14  
15 CHAIRMAN

COMMISSIONER

16  
17 COMMISSIONER

COMMISSIONER

COMMISSIONER

18  
19 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
20 Director of the Arizona Corporation Commission, have  
21 hereunto, set my hand and caused the official seal of this  
22 Commission to be affixed at the Capitol, in the City of  
23 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

24 \_\_\_\_\_  
25 BRIAN C. McNEIL  
26 Executive Director

27 DISSENT: \_\_\_\_\_

28 DISSENT: \_\_\_\_\_

1 EGJ:CLA:AFF:lh\MAS

2 SERVICE LIST FOR: QWEST LD Corp.  
3 DOCKET NO. T-04190A-07-0030

4  
5 Ms. Sharon Alvarado  
6 Regulatory Support Manager  
7 Qwest LD Corp.  
8 1801 California Street, 47th Floor  
9 Denver, Colorado 80202

10 Mr. Ernest G. Johnson  
11 Director, Utilities Division  
12 Arizona Corporation Commission  
13 1200 West Washington Street  
14 Phoenix, Arizona 85007

15 Mr. Christopher C. Kempley  
16 Chief Counsel, Legal Division  
17 Arizona Corporation Commission  
18 1200 West Washington Street  
19 Phoenix, Arizona 85007